MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2022/2023

BAC1624 – MANAGEMENT ACCOUNTING 1

(All Sections / Groups)

4 OCTOBER 2023
9:00 A.M. TO 12:00 P.M.
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **FIVE (5)** pages excluding cover page with 4 Questions only.

2. Attempt ALL questions. The distribution of the marks for each question is given.

3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Part A

Just-In-Time (JIT) is a management system that originated in Japan and has since been widely adopted in manufacturing and supply chain management.

Required:

(a) Briefly illustrate the JIT system.

(1 mark)

(b) Assess two benefits and two challenges that an organization might encounter when implementing JIT.

(4 marks)

Part B

Classify whether the following costs are fixed costs or variable costs, and period costs or product costs.

No	Cost	Fixed Cost or Variable Cost	Period Cost or Product Cost
Ex:	*Salary of an executive officer*	*Fixed cost*	*Period cost*
1	Cost of raw materials used in producing furniture		
2	Depreciation of computers used in administrative work		
3	Depreciation of van used in transporting factory workers		
4	Salary of production supervisor in a factory		
5	Commission paid to the salesperson per piece of furniture sold		
6	Salary of staff who are directly involved in production		
7	Rental paid for the factory's equipment		
8	Advertisement expenses to promote the business' products		

(8 marks)

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Part C

Hade Bhd is a manufacturer of bicycles. The following information is available for year 2022.

	RM		RM
Direct materials inventory, Jan 1	18,000	Direct materials purchases	262,000
Direct materials inventory, Dec 31	25,000	Indirect labor	20,000
Finished goods inventory, Jan 1	96,000	Factory equipment depreciation	9,200
Finished goods inventory, Dec 31	75,900	Utilities expense	10,000
Work in process inventory, Jan 1	24,000	Office building property taxes	9,600
Work in process inventory, Dec 31	14,000	Insurance expense	6,000
Direct labor	195,000		

Only 60% of the utilities expense and 80% of the insurance expense apply to factory operations.

Required:

Prepare a cost of goods manufactured schedule.

(12 marks)

(Total: 25 marks)

QUESTION 2

Part A

Priya and Associates, a law firm, employs activity-based costing. The following budgeted data for each of the activity cost pools is provided for the year 2022.

Activity Cost Pools	Estimated Overhead Cost	Expected Use of Cost Drivers per Activity
Meeting with clients	RM900,000	4,500 meeting hours
Researching legal issues	RM30,000	1,000 research hours
Litigating a case in court	RM1,500,000	6,000 professional hours
Writing contracts	RM225,000	15,000 document pages

During 2022, the firm conducted 1,500 meeting hours, worked 900 research hours, worked 5,750 professional hours, and prepared 12,500 document pages.

Required:

Compute the total overhead applied during 2022.

(8 marks)

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Part B

Mengkudu Sdn. Bhd. has two departments, which are the Machining and Packaging Departments. The company uses the job order costing system to calculate the overhead allocation rate for both the departments. The Machining Department uses machine hours and the Packaging Department uses the direct labour cost as allocation bases. At the beginning of the year 2022, the company estimated the following information:

	Department	
	Machining	Packaging
Direct labour hours	6,000	30,000
Machine hours	48,000	5,000
Manufacturing overhead costs (RM)	360,000	486,000
Direct labour costs (RM)	50,000	270,000

Job A32 was started and completed in year 2022 with the following data:

	Department	
	Machining	Packaging
Direct labour hours	6	20
Machine hours	80	4
Direct materials cost (RM) per unit	500	310
Direct labour costs (RM) per unit	70	150

Required:

(a) Compute the overhead allocation rate for each department.

(4 marks)

(b) Compute total overhead cost charged to Job A32 .

(6 marks)

(c) Compute the total cost charged Job A32.

(7 marks)

(Total: 25 marks)

QUESTION 3

Part A

Hauz Enterprise sells a single product at a price of RM 100 per unit. The fixed cost is RM 100,000 a month and its variable unit cost is RM 40 per unit.

Required:

(a) Compute the contribution margin ratio.

(2 marks)

(b) Compute the break-even point in units and Ringgit Malaysia (RM) by using the contribution margin method. Please round up your answer.

(3 marks)

Continued...

(c) If the selling price is reduced by RM 10 per unit, compute the effect this change has on breakeven point assuming that the fixed cost and variable cost are the same.

(4 marks)

(d) The company has a target net income of RM124,000. Compute the required sales in RM for the company to meet its target by using the contribution margin method. Please round up your answer.

(5 marks)

(e) If the company meets its target net income, compute the percentage its sales could fall before it is operating at a loss. Please round up your answer.

(4 marks)

Part B

UPhone Sdn. Bhd. manufactures smart watches, smart phones and tablet computers. Its sales mix and unit contribution margin are as follows:

	Sales Mix	Unit Contribution Margin
Smart watches	30%	RM160
Smart phones	60%	RM240
Tablet computers	10%	RM400

UPhone Sdn. Bhd. has fixed costs of RM34,800,000.

Required:

(a) Compute the weighted average contribution margin.

(2 marks)

(b) Compute total break-even sales in units using the contribution margin method.

(2 marks)

(c) Compute the number of units of each product that UPhone Sdn. Bhd. must sell in order to break-even under this sales mix.

(3 marks)

(Total: 25 marks)

QUESTION 4

Part A

Best Sdn. Bhd. compiles the following data on jobs that were started and completed in June 2023.

Costs and Production Data	Actual	Standard
Direct materials unit cost	RM4.50	RM4.20
Direct materials units	21,200	20,000
Direct labor	RM241,920	RM240,000
Direct labor hours	28,800	30,000
Manufacturing overhead incurred	RM379,000	
Manufacturing overhead applied		RM387,000
Expected machine hours		85,000

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Additional information:

i. Assume that the amount of direct materials purchased equaled the amount used.
ii. Overhead is applied on the basis of standard machine hours.
iii. Six hours of machine time are required for each direct labour hour.

Required:

Compute and show the type of variance for each of the following variances:

(a) total materials variance, (3 marks)

(b) materials price variance, (3 marks)

(c) materials quantity variance, (2 marks)

(d) total labour variance, (3 marks)

(e) labour price variance, (3 marks)

(f) labour quantity variance. (3 marks)

Part B

The Balanced Scorecard is a strategic performance measurement framework that helps organizations evaluate and manage their performance from multiple perspectives. It goes beyond just financial metrics and considers various aspects of the business to ensure a more comprehensive understanding of how well the organization is doing.

Required:

Briefly demonstrate the four perspectives of the balanced scorecard. (8 marks)

(Total 25 marks)

End of page.